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United States Senate

COMMITTEE ON ARMED SERVICES

WASHINGTON, DC 20510-6050

April 10, 2008

Honorable Robert M. Gates
Secretary of Defense
1000 Defense Pentagon, Room 3E718
Washington, DC 20301-1000

Dear Mr. Secretary:

I am in receipt of the Department's notification of intent to reallocate \$590 million for construction and infrastructure improvements for the Iraq Security Forces. The previous plan was to spend those funds on training, equipping and sustainment activities under the Iraq Security Forces Fund.

At the beginning of the Iraq war, Congress was told by Deputy Secretary of Defense Wolfowitz that Iraq would be able to "finance its own reconstruction" through oil revenues in fairly short order. To date, the U.S. taxpayers have paid at least \$27 billion for reconstruction activities while Iraq has accumulated significant windfall profits from the high price of oil (now more than \$110 a barrel) and U.S. taxpayers are paying between \$3 and \$4 for a gallon of gasoline. From all reports, Iraq now has tens of billions of dollars in surplus funds in their banks and in accounts around the world. Furthermore, according to the Special Inspector General for Iraq Reconstruction, the Iraqi Government budgeted \$6.2 billion for its capital budget in 2006 but spent only 23 percent of it. As of August 31, 2007, the Iraqi Government had spent somewhere between 4.4 percent (according to the Government Accountability Office) and 24 percent (according to the White House) of its \$10.1 billion capital budget for 2007.

Your reallocation notice starkly contrasts with Ambassador Crocker's testimony before the Committee on April 8, 2008, when he stated "the era of U.S.-funded major infrastructure projects is over" and the U.S. is no longer "involved in the physical reconstruction business."

In light of the extraordinary sacrifice of the U.S. taxpayers to date and the ability of the Iraqi Government to fund construction and infrastructure projects itself, it is completely inappropriate to continue to use U.S. taxpayer funds for such purposes. I request that the Department not proceed with this reallocation.

Sincerely,



Carl Levin
Chairman